BEFORE THE
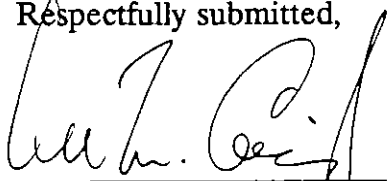POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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|---|---|
| **Postal Rate and Fee Changes, 1997** | Docket No. R97-1 |

## NATIONAL FEDERATION OF NONPROFITS
### INTERROGATORIES TO UNITED STATES POSTAL SERVICE
### WITNESSES DEGEN, MOELLER AND DANIEL
### (NFN/USPS-T-12-1,2; T-29-1-4; and T-36-1-3)
September 17, 1997

     Pursuant to the Commission's Rules of Practice, the National Federation of Nonprofits hereby serves the following interrogatories and requests to produce documents directed to United States Postal Service witnesses Degen, Moeller, and Daniel (NFN/USPS- T-12, T-29 and T-36).

Respectfully submitted,

Lee Cassidy
National Federation of Nonprofits
815 15 St. , NW   STE 822
Washington, DC 20005-2201

### CERTIFICATE OF SERVICE

     I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Lee Cassidy

September 17, 1997

**Questions for Witness Carl Degen**
**NFN/USPS T-12-1**

    a. Please confirm that in USPS T-12, Table 4 under the "FUNCTION 4" and in ll.

31-39 .in certain Labor Distribution Codes are described as follows:

        LDC 41 Unit Distribution-Automated

        LDC 42 Unit Distribution Mechanized

        LDC 43 Unit Distribution-Manual

        LDC 48 Customer Service/Others

    b. Please confirm that in LR H-147, Exhibit 513.1, p. 3 (M 32, TL-9, 12 -1-87),

        LDC's listed in the 40's are as follows:

        LDC 42 Window service

        LDC 43 Distribution

        LDC 48 Administrative/ Miscellaneous

    c. Please reconcile the two uses of Labor Distribution Codes in a. and b. above.

    d. Is it the fact that LRH-147 is outdated? If so, please mention every other way

Library Reference H-147 is out of date.

**NFN/USPS T-12-2**

a.     Is the MODS a data collection system intended for inference or a management

        system

intended to be helpful in the management of particular offices?

b.     Is there provision within MODS for different tasks faced by different offices e.g.,

        one office serves a large city while another office is an Area Distribution Center

        or the gateway to a State?

.     The two offices in b. above may be sorting mail on the whole to a different level

        of detail. Do you have any compunctions as a mathematician and economist

        (USPS-T-12, p.iii, l. 3) in reallocating $10.043 billion (USPS-T-12, Table 4, line

        46) with the aid of LDC information when it is widely known that workers are

        frequently clocked in to tasks other than those they are performing because of

        necessary quick changes to meet exigencies such as dispatches of value. Is it wise

to base such a large change on such a slender reed?

d. (1) Since moving and distributing the mail is an activity in which time is often of the essence and meeting schedules takes procedure over accurate reporting. Is it ever true that two clerks were doing identical activities but at different offices were clocked in to different MODS codes?

(2). Is it not true that MODS grew out the Postal Source Data System which replaced the Workload Recording System which in turn replaced the Workload Measurement System?

(3) Is it not true that a structure was created for collecting pieces of mail and hours worked to be used to manage particular offices but that assurances were given to labor unions that no inter-office comparisons would be made because conditions were often unique in particular offices?

(4). Is it then a violation of principles of least-squares regression analysis (OLS) to consider quantitative numbers measuring comparable quantities when these numbers measured differewnt facts about each office?

**Questions for Witness Sharon Daniel**

**NFN/ USPS T-29-1**

What were the amounts and proportions of modelled and non-modelled costs for
a. bulk rate commercial carrier route (and ECR after MC 95-1), and
b. the "other" rate category in Standard A commercial (BRR)   and for both nonprofit carrier route and "nonprofit other"in the following periods or cases (rate regimes):
(i) MC95-1 for commercial third class Before Rates and Standard (A) After Rates (BRR); substitute ECR for CR after MC95-1;
(ii) MC96-2 for nonprofit; and
(iii) in R97-1 the proportional and fixed parts of non-modelled costs for these four rate categories (commercial CR and other and nonprofit CR and other, all within

Standard (A)).

**NFN/USPS T-29-2**

a. Please confirm that in your Mail Processing Proportional and Fixed Analysis, USPS-29B, p. 2 of 2, you use the following figures: .748, .002, .013. .041 (see part (b)) .

b. Also confirm that in Lib. Reference H -106 worksheet "Lett.pgbf" in the column labelled "Third Class Nonprofit Other," you use the figures: .734, .002, .013 .040 . The entire 46 element vectors for USPS 29B and L.R. H-106 lett.pgbf are given as Attachment 1 to this question.

c. Which set of figures is correct?

d. Where in your workpapers or Library References is the exact source of the proportional and fixed figures in used in USPS-29B?


**NFN/USPS T-29-3**

a. Please confirm that your analysis extending the work of witnesses Smith and Takis in MC95-1 attempts to obtain more realistic results on the analysis of "nonmodelled costs."

b. Please confirm that you posit that part of nonmodelled cost is directly proportional to modelled costs and that you use witness Degen's analysis of MODS - based cost pools to estimate this.

c. Please also confirm that the final part of non modelled cost is simply a per piece charge (or cost) not proportional to modelled cost.

d. Please confirm that some of the costs not related to worksharing or otherwise arguable proportional to modelled cost are cost incurred in moving containers in BMC's.

Please consider the following hypothetical.

On one day a subclass of mail is transported across the workroom floor in a

BMC in an Eastern Regional Mail Container (ERMC) as part of a total of 3000

pieces.

On another day another piece of this subclass is transported for the 15 minutes

required in the same ERMC but there is more mail that day, 60,000 pieces.

Please confirm that postal workers cost the USPS $25.445 per hour in the Test

Year (USPS T-29, Appendix III, p. 3 of 43).

Please confirm that the calculated cost per piece under the wage rate and

volumes mentioned approximate 2 mills in the first case and 0.1 mill per piece in

the second case.

Would you say that these pieces impose roughly a constant charge or cost per

piece on the USPS?

**Questions for Witness Joseph Moeller**

**NFN/USPS T-36-1**

Explain fully the asymmetric change attributable costs for nonprofit other rate categories--mail that the PRC has called the less expensive class US Postal Rate Commission Report on the Congress: Preferred Rate Study (1986, p.14) and see also USPS, Cost and Revenue Analysis, FY-96, p.12. and the comparable commercial rate categories between 1992 and 1996.

**NFN/USPS T-36-2**

a. Please confirm that you used billing determinants from Quarter II 1997 as the basis of your rate design.

b. Why did you use one quarter instead of a year in view of the fact that the Base Year for this rate case is FY1996 for volume forecasting and cost analysis purposes in the testimonies of Tolley, T-6; Musgrave, T-8; Thress, T-7; and Alexandrovich, T-5?

c. Please explain why you selected that particular quarter.

**NFN/USPS T-36-3**

Explain fully the simultaneous asymmetric increase and decrease for mail with very similar preferentiality, size, and weight characteristics, that is an increase of 20 percent for nonprofit from the current Step 6 to proposed Step 6 in contrast to a 4 percent decrease for the comparable commercial rate over the same period.

| Cost | Pool | L.R.H-106 Third-class Nonprofit Lett.pgbf | Daniel, USPS T-29B, p.2 of 2 Total unit cost |
|---|---|---|---|
| mods | bcs/ | 0.734 | 0.748 |
| mods | express | 0.002 | 0.002 |
| mods | fsm/ | 0.013 | 0.013 |
| mods | lsm/ | 0.040 | 0.041 |
| mods | manf | 0.015 | 0.015 |
| mods | manl | 0.997 | 0.996 |
| mods | manp | 0.001 | 0.001 |
| mods | mecparc | 0.005 | 0.005 |
| mods | ocr/ | 0.150 | 0.151 |
| mods | priority | 0.000 | 0 |
| mods | spbs Oth | 0.093 | 0.093 |
| mods | spbsPrio | 0.001 | 0.001 |
| mods | BusReply | 0.002 | 0.002 |
| mods | INTL | 0.006 | 0.006 |
| mods | LD15 | 0.170 | 0.156 |
| mods | LD41 | 0.009 | 0.009 |
| mods | LD42 | 0.000 | 0 |
| mods | LD43 | 0.136 | 0.135 |
| mods | LD44 | 0.025 | 0.025 |
| mods | LD48 Exp | 0.000 | 0 |
| mods | LD48 Oth | 0.005 | 0.005 |
| mods | LD48_SSv | 0.000 | 0 |
| mods | LD49 | 0.015 | 0.015 |
| mods | LD79 | 0.271 | 0.266 |
| mods | MAILGRAM | 0.000 | 0 |
| mods | Registry | 0.000 | 0 |
| mods | REWRAP | 0.000 | 0 |
| mods | 1Bulk pr | 0.008 | 0.008 |
| mods | 1CancMPP | 0.022 | 0.022 |
| mods | 1EEQMT | 0.021 | 0.02 |
| mods | 1MISC | 0.051 | 0.05 |
| mods | 1OPbulk | 0.237 | 0.237 |
| mods | 1OPpref | 0.238 | 0.237 |
| mods | 1Platfrm | 0.254 | 0.253 |
| mods | 1POUCHNG | 0.106 | 0.106 |
| mods | 1SackS_h | 0.021 | 0.021 |
| mods | 1SackS_m | 0.019 | 0.019 |
| mods | 1SCAN | 0.001 | 0.001 |
| mods | 1SUPPORT | 0.043 | 0.042 |
| BMCs | nmo | 0.007 | 0.007 |
| BMCs | psm | 0.000 | 0 |
| BMCs | spb | 0.052 | 0.052 |
| BMCs | ssm | 0.039 | 0.04 |

7

| BMCs | Othr | 0.089 | 0.089 |
|---|---|---|---|
| BMCs | Pla | 0.051 | 0.051 |
| **Non Mods** | | 0.681 | 0.625 |